



**ANNUAL STATEMENT**  
**For the Year Ending DECEMBER 31, 2016**  
**OF THE CONDITION AND AFFAIRS OF THE**  
**QualChoice Life and Health Insurance Company, Inc.**

NAIC Group Code	4807 (Current Period)	4807 (Prior Period)	NAIC Company Code	70998	Employer's ID Number	71-0386640
Organized under the Laws of	Arkansas		State of Domicile or Port of Entry	AR		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[X] Dental Service Corporation[ ] Other[ ]		Property/Casualty[ ] Vision Service Corporation[ ] Is HMO Federally Qualified? Yes[ ] No[X] N/A[ ]		Hospital, Medical & Dental Service or Indemnity[ ] Health Maintenance Organization[ ]	
Incorporated/Organized	10/17/1992		Commenced Business	04/25/1965		
Statutory Home Office	12615 Chenal Parkway, Suite 300 (Street and Number)		Little Rock, AR, 72211 (City or Town, State, Country and Zip Code)			
Main Administrative Office	12615 Chenal Parkway, Suite 300 (Street and Number) Little Rock, AR, 72211 (City or Town, State, Country and Zip Code)					
Mail Address	12615 Chenal Parkway, Suite 300 (Street and Number or P.O. Box)		Little Rock, AR, 72211 (City or Town, State, Country and Zip Code)			
Primary Location of Books and Records	12615 Chenal Parkway, Suite 300 (Street and Number) Little Rock, AR, 72211 (City or Town, State, Country and Zip Code)					
Internet Website Address	www.qualchoice.com		(501)228-7111 (Area Code) (Telephone Number)			
Statutory Statement Contact	Randall Crow (Name) randall.crow@qualchoice.com (E-Mail Address)		(501)219-5109 (Area Code)(Telephone Number)(Extension) (501)228-0135 (Fax Number)			

**OFFICERS**

Name	Title
Michael Edward Stock	President
Randall Alvin Crow	Treasurer
Charles Hanson	Secretary

**OTHERS**

Joni Self Daniels, Vice President - Operations  
Betty Jo Tatum-Himes, Vice President - Sales & Marketing  
Win Hammerly M.D., Vice President - Medical Affairs #

**DIRECTORS OR TRUSTEES**

Mark Fred Bjornson  
Philip Linwood Foster  
David Allen Sorenson #  
Steven Charles Schramm  
Charles Hanson

State of Arkansas  
County of Pulaski ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) Michael Edward Stock (Printed Name) 1. President (Title)	(Signature) Randall Alvin Crow (Printed Name) 2. Treasurer (Title)	(Signature) Charles Hanson (Printed Name) 3. Secretary (Title)
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Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2017  
a. Is this an original filing? Yes[X] No[ ]  
b. If no, 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

\_\_\_\_\_  
(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	18,994,718		18,994,718	21,515,400
2.	Stocks (Schedule D):				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$.....0 encumbrances) .....				
4.2	Properties held for the production of income (less \$.....0 encumbrances) .....				
4.3	Properties held for sale (less \$.....0 encumbrances) .....				
5.	Cash (\$.....13,230,636, Schedule E Part 1), cash equivalents (\$.....4,996,495, Schedule E Part 2) and short-term investments (\$.....117,934, Schedule DA) .....	18,345,062		18,345,062	14,513,047
6.	Contract loans (including \$.....0 premium notes) .....				
7.	Derivatives (Schedule DB) .....				
8.	Other invested assets (Schedule BA) .....				
9.	Receivables for securities .....				
10.	Securities Lending Reinvested Collateral Assets (Schedule DL) .....				
11.	Aggregate write-ins for invested assets .....				
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....	37,339,780		37,339,780	36,028,447
13.	Title plants less \$.....0 charged off (for Title insurers only) .....				
14.	Investment income due and accrued .....	62,036		62,036	42,996
15.	Premiums and considerations:				
15.1	Uncollected premiums and agents' balances in the course of collection .....	27,215	1,590	25,625	25,952
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$.....0 earned but unbilled premiums) .....				
15.3	Accrued retrospective premiums (\$.....0) and contracts subject to redetermination (\$.....0) .....	2,597,296		2,597,296	
16.	Reinsurance:				
16.1	Amounts recoverable from reinsurers .....	6,519,424	148,041	6,371,383	6,817,472
16.2	Funds held by or deposited with reinsured companies .....				
16.3	Other amounts receivable under reinsurance contracts .....				
17.	Amounts receivable relating to uninsured plans .....				
18.1	Current federal and foreign income tax recoverable and interest thereon .....	472,902	268,416	204,486	
18.2	Net deferred tax asset .....				257,119
19.	Guaranty funds receivable or on deposit .....				
20.	Electronic data processing equipment and software .....				
21.	Furniture and equipment, including health care delivery assets (\$.....0) .....				
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
23.	Receivables from parent, subsidiaries and affiliates .....	1,141,539		1,141,539	40,744
24.	Health care (\$.....493,867) and other amounts receivable .....	948,434	454,567	493,867	77,554
25.	Aggregate write-ins for other than invested assets .....	2,969,362	75,000	2,894,362	1,440,817
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	52,077,988	947,614	51,130,374	44,731,101
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
28.	TOTAL (Lines 26 and 27) .....	52,077,988	947,614	51,130,374	44,731,101
DETAILS OF WRITE-INS					
1101.	Rounding .....				
1102.	.....				
1103.	.....				
1198.	Summary of remaining write-ins for Line 11 from overflow page .....				
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....				
2501.	Insurance Charter .....	75,000	75,000		
2502.	Cost Sharing Reduction Rec .....	2,894,362		2,894,362	1,440,817
2503.	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,969,362	75,000	2,894,362	1,440,817

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$.....0 reinsurance ceded) .....	19,189,081	126,977	19,316,058	18,037,745
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....	401,509		401,509	412,332
4.	Aggregate health policy reserves, including the liability of \$.....0 for medical loss ratio rebate per the Public Health Service Act .....	119,961		119,961	639,588
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....				
9.	General expenses due or accrued .....	1,149,940		1,149,940	691,909
10.1	Current federal and foreign income tax payable and interest thereon (including \$.....0 on realized capital gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....	225,268		225,268	65,435
12.	Amounts withheld or retained for the account of others .....				
13.	Remittances and items not allocated .....				
14.	Borrowed money (including \$.....0 current) and interest thereon \$.....0 (including \$.....0 current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....				11,843
16.	Derivatives .....				
17.	Payable for securities .....				
18.	Payable for securities lending .....				
19.	Funds held under reinsurance treaties (with \$.....0 authorized reinsurers, \$.....0 unauthorized reinsurers and \$.....0 certified reinsurers) .....				
20.	Reinsurance in unauthorized and certified (\$.....0) companies .....				
21.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
22.	Liability for amounts held under uninsured plans .....				
23.	Aggregate write-ins for other liabilities (including \$.....0 current) .....				3,524,499
24.	TOTAL Liabilities (Lines 1 to 23) .....	21,085,759	126,977	21,212,736	23,383,351
25.	Aggregate write-ins for special surplus funds .....	X X X	X X X		1,034,530
26.	Common capital stock .....	X X X	X X X	1,013,750	1,013,750
27.	Preferred capital stock .....	X X X	X X X	1,500,000	1,500,000
28.	Gross paid in and contributed surplus .....	X X X	X X X	45,537,206	20,537,206
29.	Surplus notes .....	X X X	X X X	5,000,000	5,000,000
30.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
31.	Unassigned funds (surplus) .....	X X X	X X X	(23,133,318)	(7,737,736)
32.	Less treasury stock, at cost:				
32.1	.....0 shares common (value included in Line 26 \$.....0) .....	X X X	X X X		
32.2	.....0 shares preferred (value included in Line 27 \$.....0) .....	X X X	X X X		
33.	TOTAL Capital and Surplus (Lines 25 to 31 minus Line 32) .....	X X X	X X X	29,917,638	21,347,750
34.	TOTAL Liabilities, Capital and Surplus (Lines 24 and 33) .....	X X X	X X X	51,130,374	44,731,101
DETAILS OF WRITE-INS					
2301.	ACA Risk Sharing Payable .....				3,524,500
2302.	Rounding .....				(1)
2303.	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....				3,524,499
2501.	ACA Section 9010 Assessment .....	X X X	X X X		1,034,530
2502.	.....	X X X	X X X		
2503.	.....	X X X	X X X		
2598.	Summary of remaining write-ins for Line 25 from overflow page .....	X X X	X X X		
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	X X X	X X X		1,034,530
3001.	.....	X X X	X X X		
3002.	.....	X X X	X X X		
3003.	.....	X X X	X X X		
3098.	Summary of remaining write-ins for Line 30 from overflow page .....	X X X	X X X		
3099.	TOTALS (Lines 3001 through 3003 plus 3098) (Line 30 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	385,028	192,264
2.	Net premium income (including \$.....0 non-health premium income) .....	X X X .....	129,205,518	61,859,665
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$.....0 medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....	23,206	20,289
8.	TOTAL Revenues (Lines 2 to 7) .....	X X X .....	129,228,724	61,879,954
Hospital and Medical:				
9.	Hospital/medical benefits .....	7,987,795	97,069,838	48,327,452
10.	Other professional services .....			
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....	1,231,728	14,968,294	7,477,920
13.	Prescription drugs .....		20,876,753	8,098,282
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....	9,219,523	132,914,885	63,903,654
Less:				
17.	Net reinsurance recoveries .....		5,194,210	6,843,165
18.	TOTAL Hospital and Medical (Lines 16 minus 17) .....	9,219,523	127,720,675	57,060,489
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....1,057,633 cost containment expenses .....		1,266,114	1,485,602
21.	General administrative expenses .....		16,580,029	8,029,818
22.	Increase in reserves for life and accident and health contracts (including \$.....0 increase in reserves for life only) .....		(500,000)	500,000
23.	TOTAL Underwriting Deductions (Lines 18 through 22) .....	9,219,523	145,066,818	67,075,909
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	(15,838,094)	(5,195,955)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		319,879	62,412
26.	Net realized capital gains (losses) less capital gains tax of \$.....0 .....		(381)	
27.	Net investment gains (losses) (Lines 25 plus 26) .....		319,498	62,412
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....0) (amount charged off \$.....0)] .....			
29.	Aggregate write-ins for other income or expenses .....			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	(15,518,596)	(5,133,543)
31.	Federal and foreign income taxes incurred .....	X X X .....		
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	(15,518,596)	(5,133,543)
DETAILS OF WRITE-INS				
0601.	.....	X X X .....		
0602.	.....	X X X .....		
0603.	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701.	Commission on Life Product .....	X X X .....	23,206	20,289
0702.	.....	X X X .....		
0703.	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....	23,206	20,289
1401.	.....			
1402.	.....			
1403.	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	Rounding .....			
2902.	.....			
2903.	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	21,347,750	6,282,394
34.	Net income or (loss) from Line 32 .....	(15,518,596)	(5,133,543)
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....0 .....	(93,178)	
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....	(257,119)	26,343
39.	Change in nonadmitted assets .....	(799,792)	172,557
40.	Change in unauthorized and certified reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		910,000
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....	25,000,000	19,090,000
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....	238,573	(1)
48.	Net change in capital and surplus (Lines 34 to 47) .....	8,569,888	15,065,356
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	29,917,638	21,347,750
DETAILS OF WRITE-INS			
4701.	Rounding .....	1	(1)
4702.	SSAP 3 Error Correction - Return to Provision .....	238,572	
4703.	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	238,573	(1)

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....	126,248,486	62,483,170
2.	Net investment income .....	364,355	53,142
3.	Miscellaneous income .....	(776,173)	(108,780)
4.	TOTAL (Lines 1 through 3) .....	125,836,668	62,427,532
5.	Benefit and loss related payments .....	125,644,314	47,311,417
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	17,398,935	8,421,900
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) net of \$.....0 tax on capital gains (losses) .....	566,080	
10.	TOTAL (Lines 5 through 9) .....	143,609,329	55,733,317
11.	Net cash from operations (Line 4 minus Line 10) .....	(17,772,661)	6,694,215
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....	29,359,239	5,096,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	TOTAL Investment proceeds (Lines 12.1 to 12.7) .....	29,359,239	5,096,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	26,871,779	26,544,130
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	TOTAL Investments acquired (Lines 13.1 to 13.6) .....	26,871,779	26,544,130
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	2,487,460	(21,448,130)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....	25,000,000	20,000,000
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(5,882,784)	1,990,425
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	19,117,216	21,990,425
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	3,832,015	7,236,510
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	14,513,047	7,276,537
19.2	End of year (Line 18 plus Line 19.1) .....	18,345,062	14,513,047

Note: Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

		1	2	3	4	5	6	7	8	9	10
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1.	Net premium income .....	129,205,518	125,088,439	3,994,018							123,061
2.	Change in unearned premium reserves and reserve for rate credit .....										
3.	Fee-for-service (net of \$.....0 medical expenses) .....										X X X .....
4.	Risk revenue .....										X X X .....
5.	Aggregate write-ins for other health care related revenues .....										X X X .....
6.	Aggregate write-ins for other non-health care related revenues .....	23,206	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	23,206
7.	TOTAL Revenues (Lines 1 to 6) .....	129,228,724	125,088,439	3,994,018							146,267
8.	Hospital/medical benefits .....	97,069,838	93,939,375	3,130,463							X X X .....
9.	Other professional services .....										X X X .....
10.	Outside referrals .....										X X X .....
11.	Emergency room and out-of-area .....	14,968,294	14,485,572	482,722							X X X .....
12.	Prescription drugs .....	20,876,753	20,876,753								X X X .....
13.	Aggregate write-ins for other hospital and medical .....										X X X .....
14.	Incentive pool, withhold adjustments and bonus amounts .....										X X X .....
15.	Subtotal (Lines 8 to 14) .....	132,914,885	129,301,700	3,613,185							X X X .....
16.	Net reinsurance recoveries .....	5,194,210	5,194,210								X X X .....
17.	TOTAL Hospital and Medical (Lines 15 minus 16) .....	127,720,675	124,107,490	3,613,185							X X X .....
18.	Non-health claims (net) .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....1,057,633 cost containment expenses .....	1,266,114	1,174,806	91,308							
20.	General administrative expenses .....	16,580,029	15,384,326	1,195,703							
21.	Increase in reserves for accident and health contracts .....	(500,000)	(500,000)								X X X .....
22.	Increase in reserves for life contracts .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	TOTAL Underwriting Deductions (Lines 17 to 22) .....	145,066,818	140,166,622	4,900,196							
24.	Net underwriting gain or (loss) (Line 7 minus Line 23) .....	(15,838,094)	(15,078,183)	(906,178)							146,267
DETAILS OF WRITE-INS											
0501.	.....										X X X .....
0502.	.....										X X X .....
0503.	.....										X X X .....
0598.	Summary of remaining write-ins for Line 5 from overflow page .....										X X X .....
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) .....										X X X .....
0601.	Commissions on Life Product .....	23,206	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	23,206
0602.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page .....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	23,206	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	23,206
1301.	.....										X X X .....
1302.	.....										X X X .....
1303.	.....										X X X .....
1398.	Summary of remaining write-ins for Line 13 from overflow page .....										X X X .....
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....										X X X .....

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

		1	2	3	4
Line of Business		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
1.	Comprehensive (hospital and medical) .....	126,671,127	272,771	1,855,459	125,088,439
2.	Medicare Supplement .....	3,994,018			3,994,018
3.	Dental only .....				
4.	Vision only .....				
5.	Federal Employees Health Benefits Plan .....				
6.	Title XVIII - Medicare .....				
7.	Title XIX - Medicaid .....				
8.	Other health .....				
9.	Health subtotal (Lines 1 through 8) .....	130,665,145	272,771	1,855,459	129,082,457
10.	Life .....	724,805		601,744	123,061
11.	Property/casualty .....				
12.	TOTALS (Lines 9 to 11) .....	131,389,950	272,771	2,457,203	129,205,518



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct .....	132,435,951	128,784,828	3,651,123							
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....	1,527,246	1,527,246								
1.4 Net .....	130,908,705	127,257,582	3,651,123							
2. Paid medical incentive pools and bonuses .....										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct .....	19,316,058	18,908,146	407,912							
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....	19,316,058	18,908,146	407,912							
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct .....										
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....										
5. Accrued medical incentive pools and bonuses, current year .....										
6. Net healthcare receivables (a) .....	799,379	799,379								
7. Amounts recoverable from reinsurers December 31, current year ..	932,431	932,431								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct .....	18,037,745	17,591,895	445,850							
8.2 Reinsurance assumed .....										
8.3 Reinsurance ceded .....										
8.4 Net .....	18,037,745	17,591,895	445,850							
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct .....										
9.2 Reinsurance assumed .....										
9.3 Reinsurance ceded .....										
9.4 Net .....										
10. Accrued medical incentive pools and bonuses, prior year .....										
11. Amounts recoverable from reinsurers December 31, prior year .....	881,928	881,928								
12. Incurred benefits:										
12.1 Direct .....	132,914,885	129,301,700	3,613,185							
12.2 Reinsurance assumed .....										
12.3 Reinsurance ceded .....	1,577,749	1,577,749								
12.4 Net .....	131,337,136	127,723,951	3,613,185							
13. Incurred medical incentive pools and bonuses .....										

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct .....	4,851,835	4,728,605	123,230							
1.2 Reinsurance assumed .....										
1.3 Reinsurance ceded .....										
1.4 Net .....	4,851,835	4,728,605	123,230							
2. Incurred but Unreported:										
2.1 Direct .....	14,464,223	14,179,541	284,682							
2.2 Reinsurance assumed .....										
2.3 Reinsurance ceded .....										
2.4 Net .....	14,464,223	14,179,541	284,682							
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct .....										
3.2 Reinsurance assumed .....										
3.3 Reinsurance ceded .....										
3.4 Net .....										
4. TOTALS										
4.1 Direct .....	19,316,058	18,908,146	407,912							
4.2 Reinsurance assumed .....										
4.3 Reinsurance ceded .....										
4.4 Net .....	19,316,058	18,908,146	407,912							

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1.	Comprehensive (hospital and medical) .....	17,426,580	112,921,975	2,072	18,906,074	17,428,652	17,591,895
2.	Medicare Supplement .....	346,132	3,304,991	45	407,867	346,177	445,850
3.	Dental only .....						
4.	Vision only .....						
5.	Federal Employees Health Benefits Plan .....						
6.	Title XVIII - Medicare .....						
7.	Title XIX - Medicaid .....						
8.	Other health .....						
9.	Health subtotal (Lines 1 to 8) .....	17,772,712	116,226,966	2,117	19,313,941	17,774,829	18,037,745
10.	Healthcare receivables (a) .....	961,844	5,796,093		948,434	961,844	149,055
11.	Other non-health .....						
12.	Medical incentive pool and bonus amounts .....						
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	16,810,868	110,430,873	2,117	18,365,507	16,812,985	17,888,690

(a) Excludes \$.00 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	299	299	299	299	299
2.	2012 .....	5,418	5,523	5,523	5,523	5,523
3.	2013 .....	X X X	4,948	5,438	5,438	5,438
4.	2014 .....	X X X	X X X	4,845	5,214	5,214
5.	2015 .....	X X X	X X X	X X X	39,753	56,564
6.	2016 .....	X X X	X X X	X X X	X X X	113,735

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	299	299	299	299	299
2.	2012 .....	5,418	5,523	5,523	5,523	5,523
3.	2013 .....	X X X	4,938	5,437	5,438	5,438
4.	2014 .....	X X X	X X X	4,845	5,214	5,214
5.	2015 .....	X X X	X X X	X X X	57,791	56,566
6.	2016 .....	X X X	X X X	X X X	X X X	133,049

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	5,985	5,523	140	2.543	5,663	94.627			5,663	94.627
2.	2013 .....	6,150	5,438	211	3.872	5,649	91.846			5,649	91.846
3.	2014 .....	6,512	5,214	328	6.285	5,542	85.100			5,542	85.100
4.	2015 .....	64,299	56,564	1,229	2.172	57,793	89.881	2	412	58,207	90.525
5.	2016 .....	130,665	113,735	1,321	1.162	115,056	88.054	19,314	(11)	134,359	102.827

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT  
 PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical  
 Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	299	299	299	299	299
2.	2012 .....	5,404	5,509	5,509	5,509	5,509
3.	2013 .....	X X X	4,891	5,381	5,381	5,381
4.	2014 .....	X X X	X X X	4,556	4,925	4,925
5.	2015 .....	X X X	X X X	X X X	38,044	54,509
6.	2016 .....	X X X	X X X	X X X	X X X	110,431

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....	299	299	299	299	299
2.	2012 .....	5,404	5,509	5,509	5,509	5,509
3.	2013 .....	X X X	4,881	5,380	5,381	5,381
4.	2014 .....	X X X	X X X	4,556	4,925	4,925
5.	2015 .....	X X X	X X X	X X X	56,082	54,511
6.	2016 .....	X X X	X X X	X X X	X X X	129,337

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	5,919	5,509	140	2.549	5,649	95.446			5,649	95.446
2.	2013 .....	5,967	5,381	211	3.913	5,592	93.708			5,592	93.708
3.	2014 .....	6,014	4,925	328	6.654	5,253	87.341			5,253	87.341
4.	2015 .....	62,233	54,509	1,229	2.254	55,738	89.563	2	412	56,152	90.228
5.	2016 .....	126,671	110,431	1,321	1.197	111,752	88.223	18,906	(11)	130,647	103.139

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Medicare Supplement  
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....					
2.	2012 .....	14	14	14	14	14
3.	2013 .....	X X X	57	57	57	57
4.	2014 .....	X X X	X X X	289	289	289
5.	2015 .....	X X X	X X X	X X X	1,709	2,055
6.	2016 .....	X X X	X X X	X X X	X X X	3,304

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2012	2 2013	3 2014	4 2015	5 2016
1.	Prior .....					
2.	2012 .....	14	14	14	14	14
3.	2013 .....	X X X	57	57	57	57
4.	2014 .....	X X X	X X X	289	289	289
5.	2015 .....	X X X	X X X	X X X	1,709	2,055
6.	2016 .....	X X X	X X X	X X X	X X X	3,712

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2012 .....	66	14			14	21.212			14	21.212
2.	2013 .....	183	57			57	31.148			57	31.148
3.	2014 .....	498	289			289	58.032			289	58.032
4.	2015 .....	2,066	2,055			2,055	99.468			2,055	99.468
5.	2016 .....	3,994	3,304			3,304	82.724	408		3,712	92.939

12 Medicare Supplement

12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only .....	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only .....	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only .....	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only .....	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only .....	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only .....	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP .....	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP .....	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP .....	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare .....	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare .....	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare .....	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XIX-Medicaid .....	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XIX-Medicaid .....	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XIX-Medicaid .....	NONE
12 Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other .....	NONE
12 Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other .....	NONE
12 Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other .....	NONE

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....									
2. Additional policy reserves (a) .....									
3. Reserve for future contingent benefits .....									
4. Reserve for rate credits or experience rating refunds (including \$.....0 for investment income) .....									
5. Aggregate write-ins for other policy reserves .....	119,961	119,961							
6. TOTALS (Gross) .....	119,961	119,961							
7. Reinsurance ceded .....									
8. TOTALS (Net) (Page 3, Line 4) .....	119,961	119,961							
9. Present value of amounts not yet due on claims .....									
10. Reserve for future contingent benefits .....									
11. Aggregate write-ins for other claim reserves .....									
12. TOTALS (Gross) .....									
13. Reinsurance ceded .....									
14. TOTALS (Net) (Page 3, Line 7) .....									
DETAILS OF WRITE-INS									
0501. Rebate .....									
0502. ACA Risk Adjustment Payable .....	119,961	119,961							
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page ....									
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above) ....	119,961	119,961							
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page ..									
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) ..									

(a) Includes \$.....0 premium deficiency reserve.



UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$.....0 for occupancy of own building) .....	5,911	275	356,823		363,009
2.	Salaries, wages and other benefits .....	760,033	97,648	5,709,415		6,567,096
3.	Commissions (less \$.....0 ceded plus \$.....0 assumed) .....			1,193,608		1,193,608
4.	Legal fees and expenses .....					
5.	Certifications and accreditation fees .....					
6.	Auditing, actuarial and other consulting services .....			85,875		85,875
7.	Traveling expenses .....	8,067	372	56,262		64,701
8.	Marketing and advertising .....	533	112	333,960		334,605
9.	Postage, express and telephone .....	47,597	29,239	504,356		581,192
10.	Printing and office supplies .....	60,760	33,061	464,677		558,498
11.	Occupancy, depreciation and amortization .....			250,503		250,503
12.	Equipment .....					
13.	Cost or depreciation of EDP equipment and software .....					
14.	Outsourced services including EDP, claims, and other services .....	124,349	41,498	2,726,608		2,892,455
15.	Boards, bureaus and association fees .....					
16.	Insurance, except on real estate .....			67,736		67,736
17.	Collection and bank service charges .....					
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured plans .....					
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....					
23.2	State premium taxes .....			2,942,891		2,942,891
23.3	Regulatory authority licenses and fees .....			148,218		148,218
23.4	Payroll taxes .....	47,645	6,093	346,694		400,432
23.5	Other (excluding federal income and real estate taxes) .....			894,702		894,702
24.	Investment expenses not included elsewhere .....					
25.	Aggregate write-ins for expenses .....	2,738	183	497,700		500,621
26.	TOTAL Expenses Incurred (Lines 1 to 25) .....	1,057,633	208,481	16,580,028		(a) 17,846,142
27.	Less expenses unpaid December 31, current year .....		497,599	1,149,790		1,647,389
28.	Add expenses unpaid December 31, prior year .....		412,332	691,909		1,104,241
29.	Amounts receivable relating to uninsured plans, prior year .....					
30.	Amounts receivable relating to uninsured plans, current year .....					
31.	TOTAL Expenses Paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	1,057,633	123,214	16,122,147		17,302,994
DETAILS OF WRITE-INS						
2501.	Other Employee Expenses .....	2,683	183	115,488		118,354
2502.	Donations .....	55		14,628		14,683
2503.	National Assessment .....			284,698		284,698
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			82,886		82,886
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	2,738	183	497,700		500,621

(a) Includes management fees of \$.....0 to affiliates and \$.....0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds .....	(a)..... 186,620	..... 205,659
1.1	Bonds exempt from U.S. tax .....	(a).....	.....
1.2	Other bonds (unaffiliated) .....	(a)..... 112,237	..... 112,237
1.3	Bonds of affiliates .....	(a).....	.....
2.1	Preferred stocks (unaffiliated) .....	(b).....	.....
2.11	Preferred stocks of affiliates .....	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c).....	.....
4.	Real estate .....	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e).....	..... 9,600
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	TOTAL Gross investment income .....	..... 298,857	..... 327,496
11.	Investment expenses .....	(g).....	
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	(g).....	
13.	Interest expense .....	(h)..... 7,617	
14.	Depreciation on real estate and other invested assets .....	(i).....	
15.	Aggregate write-ins for deductions from investment income .....	.....	
16.	TOTAL Deductions (Lines 11 through 15) .....	..... 7,617	
17.	Net Investment income (Line 10 minus Line 16) .....	..... 319,879	
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503.	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15 above) .....	.....	.....
(a) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.			
(b) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued dividends on purchases.			
(c) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.			
(d) Includes \$.0 for company's occupancy of its own buildings; and excludes \$.0 interest on encumbrances.			
(e) Includes \$.0 accrual of discount less \$.0 amortization of premium and less \$.0 paid for accrued interest on purchases.			
(f) Includes \$.0 accrual of discount less \$.0 amortization of premium.			
(g) Includes \$.0 investment expenses and \$.0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$.0 interest on surplus notes and \$.0 interest on capital notes.			
(i) Includes \$.0 depreciation on real estate and \$.0 depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	..... 30,294	.....	..... 30,294	..... (93,178)	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	..... (30,675)	.....	..... (30,675)	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....	.....
10.	TOTAL Capital gains (losses) .....	..... (381)	.....	..... (381)	..... (93,178)	.....
DETAILS OF WRITE-INS						
0901.	.....	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page ..	.....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) ..	.....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties held for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Derivatives (Schedule DB) .....			
8.	Other invested assets (Schedule BA) .....			
9.	Receivables for securities .....			
10.	Securities lending reinvested collateral assets (Schedule DL) .....			
11.	Aggregate write-ins for invested assets .....			
12.	Subtotals, cash and invested assets (Lines 1 to 11) .....			
13.	Title plants (for Title insurers only) .....			
14.	Invested income due and accrued .....			
15.	Premium and considerations:			
15.1	Uncollected premiums and agents' balances in the course of collection .....	1,590	1,321	(269)
15.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
15.3	Accrued retrospective premiums and contracts subject to redetermination .....			
16.	Reinsurance:			
16.1	Amounts recoverable from reinsurers .....	148,041		(148,041)
16.2	Funds held by or deposited with reinsured companies .....			
16.3	Other amounts receivable under reinsurance contracts .....			
17.	Amounts receivable relating to uninsured plans .....			
18.1	Current federal and foreign income tax recoverable and interest thereon .....	268,416		(268,416)
18.2	Net deferred tax asset .....			
19.	Guaranty funds receivable or on deposit .....			
20.	Electronic data processing equipment and software .....			
21.	Furniture and equipment, including health care delivery assets .....			
22.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
23.	Receivables from parent, subsidiaries and affiliates .....			
24.	Health care and other amounts receivable .....	454,567	71,501	(383,066)
25.	Aggregate write-ins for other than invested assets .....	75,000	75,000	
26.	TOTAL Assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) .....	947,614	147,822	(799,792)
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
28.	TOTAL (Lines 26 and 27) .....	947,614	147,822	(799,792)
DETAILS OF WRITE-INS				
1101.	.....			
1102.	.....			
1103.	.....			
1198.	Summary of remaining write-ins for Line 11 from overflow page .....			
1199.	TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....			
2501.	Insurance Charter .....	75,000	75,000	
2502.	.....			
2503.	.....			
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			
2599.	TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above) .....	75,000	75,000	

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	.....	.....	.....	.....	.....	.....
2.	Provider Service Organizations .....	.....	.....	.....	.....	.....	.....
3.	Preferred Provider Organizations .....	3,090	27,749	28,785	33,045	34,945	356,356
4.	Point of Service .....	18,335	.....	.....	.....	.....	.....
5.	Indemnity Only .....	.....	.....	.....	.....	.....	.....
6.	Aggregate write-ins for other lines of business .....	1,743	2,156	2,368	2,564	2,716	28,672
7.	TOTAL .....	23,168	29,905	31,153	35,609	37,661	385,028
DETAILS OF WRITE-INS							
0601.	Medicare Supplement .....	1,743	2,156	2,368	2,564	2,716	28,672
0602.	.....	.....	.....	.....	.....	.....	.....
0603.	.....	.....	.....	.....	.....	.....	.....
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	.....	.....	.....	.....	.....	.....
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	1,743	2,156	2,368	2,564	2,716	28,672

Notes to Financial Statements

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

1. Summary of Significant Accounting Policies and Going Concern

Organization and Operation

QualChoice Life and Health Insurance Company, Inc. (the Company), is a licensed health insurance company in the state of Arkansas and is subject to regulation by the Arkansas Insurance Department. The Company was incorporated in Arkansas on October 17, 1992. The Company’s parent company is QualChoice Holdings, Inc. (Qualchoice). The Company is engaged in a variety of activities such as providing coverage for its enrollees, substantially all of whom are residents of the state of Arkansas.

On May 1, 2014, QualChoice was acquired by CollabHealth Plan Services, Inc. (CollabHealth), a wholly owned subsidiary of Catholic Health Initiatives. Upon closing, CollabHealth contributed new capital to QualChoice Life and Health Insurance Company, Inc. CollabHealth was later renamed Prominence Health, Inc. (PHI). Prominence Health Plan Services, Inc. is a direct subsidiary of PHI and it owns all health insurance subsidiaries of Prominence. In 2016, Prominence Health Plan Services was renamed to QualChoice Health Plan Services.

A. Accounting Practices

The following is a summary of the significant accounting policies used in the preparation of the accompanying financial statements. Such policies are in conformity with the Annual Statement Instructions and the Accounting Practices and Procedures Manual of the National Association of Insurance Commissioners (“NAIC”) and the accounting practices as prescribed or permitted by the Arkansas Insurance Department and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

	State of Domicile	2016	2015
Net Income (Loss)			
Company state basis	Arkansas	\$(15,518,596)	\$(5,133,543)
State prescribed practices that increase/(decrease) NAIC SAP: None	Arkansas		
State permitted practices that increase/(decrease) NAIC SAP: None	Arkansas		
NAIC SAP (1 - 2 - 3 = 4)	Arkansas	\$(15,518,596)	\$(5,133,543)
Capital and Surplus			
Company State basis	Arkansas	\$29,917,638	\$21,347,750
State prescribed practices that increase/(decrease) NAIC SAP: None	Arkansas		
State permitted practices that increase/(decrease) NAIC SAP: None	Arkansas		
NAIC SAP (5 - 6 - 7 = 8)	Arkansas	\$29,917,638	\$21,347,750

B. Use of Estimates in the Preparation of the Statutory Basis Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Life premiums are recognized as income over the premium-paying period of the related policies. Health Premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) The Company does not have common stock.
- (4) The Company does not have preferred stock.

## Notes to Financial Statements

- (5) The Company does not have mortgage loan investments.
  - (6) The commercial mortgage-backed and other loan-backed securities are stated at amortized cost using the effective interest method.
  - (7) The Company does not have derivatives.
  - (8) The Company does not anticipate investment income as a factor in the premium deficiency calculation.
  - (9) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
  - (10) Expenditures for assets are capitalized at \$10,000 and all other costs are expensed.
2. Accounting Changes and Corrections of Errors  
The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Arkansas. There were no accounting changes or correction or errors from the prior period.
  3. Business Combinations and Goodwill  
The Company has no business combinations or goodwill as of December 31, 2016.
  4. Discontinued Operations  
The Company had no discontinued operations as of December 31, 2016.
  5. Investments
    - A. The Company acquired commercial mortgage-backed securities during the year of 2016. The Company is relying on Bank of New York Mellon as a source used to determine the currently estimated cash flows, including new prepayment assumptions. The Company has no mortgage-backed securities with a recognized other-than-temporary impairment.
      - (3) There were no taxes, assessments or any amounts advances not included in mortgage loan total.
      - (4) N/A
      - (5) There were no investments in impaired loans.
      - (6) N/A
      - (7) There was no activity in the allowance for credit losses account.
      - (8) There were no mortgage loans derecognized as a result of foreclosure.
    - B. The Company has no debt restructuring at this time.
    - C. The Company has no reverse mortgages at this time.
    - D. The Company acquired commercial loan-backed securities during the year of 2016. The Company is relying on Bank of New York Mellon as a source used to determine the currently estimated cash flows, including new prepayment assumptions. The Company has no loan-backed securities with a recognized other-than-temporary impairment.
      - (2) There were no securities within the scope of SSAP No. 43R – Loan-Backed and Structured Securities with a recognized other-than-temporary impairment;
      - (3) N/A
      - (4) N/A
    - E. The Company has repurchase agreements and/or Securities Lending Transactions at this time.
    - F. The Company has no investments in real estate at this time.
    - G. The Company has no investments in low-income housing tax credits.
    - H. The Company has no restricted assets.
    - I. The Company has no Working Capital Finance Investments.
    - J. The Company does not offset or net Assets and Liabilities.
    - K. The Company does not hold Structured Notes at this time.
  6. Joint Ventures, Partnerships and Limited Liability Companies
    - A. The Company has no investments in Joint Ventures, Partnerhips or Limited Liability Companies that exceed 10% of its admitted assets.
    - B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.
  7. Investment Income

Notes to Financial Statements

- A. The Company’s investment income was earned on cash and cash equivalents, bonds, and stocks and no investment income was excluded from surplus for the years ended December 31, 2016 and 2015. All investment income due and accrued is included in investment income.
- B. N/A

8. Derivative Instruments  
The Company has no derivative instruments.

9. Income Taxes

A.	Components of Deferred Tax Assets (DTA's) and Deferred Tax Liabilities (DTL's):									
(1)										
	Description	Ordinary	2016 Capital	Total	Ordinary	2015 Capital	Total	Ordinary	Change Capital	Total
a	Gross deferred tax assets	7,293,132	-	7,293,132	1,933,866	-	1,933,866	5,359,266	-	5,359,266
b	Statutory valuation allowance adjustment	(7,293,132)	-	(7,293,132)	(1,933,866)	-	(1,933,866)	(5,359,266)	-	(5,359,266)
c	Adjusted gross deferred tax assets (1a-1b)	-	-	-	-	-	-	-	-	-
d	Deferred tax assets nonadmitted	-	-	-	-	-	-	-	-	-
e	Net admitted deferred tax asset (1c-1d)	-	-	-	-	-	-	-	-	-
f	Deferred tax liabilities	-	-	-	-	-	-	-	-	-
g	Net deferred tax asset/(liability)	-	-	-	-	-	-	-	-	-
(2)	Admission Calculation Components under SSAP No. 101									
		Ordinary	2016 Capital	Total	Ordinary	2015 Capital	Total	Ordinary	Change Capital	Total
	Admission Calculation Components									
a	Federal income taxes paid in prior years recoverable through loss carrybacks	-	-	-	-	-	-	-	-	-
b	Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from 2(a) above) after application of the threshold limitation. (The lessor of 2(b) 1 and 2(b)2	-	-	-	-	-	-	-	-	-
	(1) Adjusted gross deferred tax assets expected to be realized following the balance sheet date	-	-	-	-	-	-	-	-	-
	(2) Adjusted gross deferred tax assets allowed per limitation threshold	xxx	xxx	4,487,646	-	-	3,189,464	xxx	xxx	1,298,182
c	Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from 2(a) and 2(b) above) offset by gross deferred tax liabilities	-	-	-	-	-	-	-	-	-
d	Deferred tax assets admitted as the result of application of SSAP 101. Total 2(a) + 2(b) + 2(c)	-	-	-	-	-	-	-	-	-
	Deferred tax Liabilities	-	-	-	-	-	-	-	-	-
	Net Admitted Deferred Tax Asset (Liability)	-	-	-	-	-	-	-	-	-
(3)	Other Admissibility Criteria		2016	2015						
a	Ratio percentage used to determine recovery period and threshold limitation amount		524.22%	380.50%						
b	Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b) 2 above.		29,917,638	21,263,095						
(4)	Impact of Tax Planning strategies									
		Ordinary	2016 Capital	Total	Ordinary	2015 Capital	Total	Ordinary	Change Capital	Total
a	Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character, as a percentage.									
	(1) Adjusted Gross DTAs amount from Note 9A (c).	-	-	-	-	-	-	-	-	-
	(2) Percentage of adjusted gross DTAs by tax character attributable to the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%	0%	0%	0%
	(3) Net Admitted Adjusted Gross DTAs amount from Note 9A1 (e).	-	-	-	-	-	-	-	-	-
	(4) Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies.	0%	0%	0%	0%	0%	0%	0%	0%	0%
b	Does the company's tax planning strategies include the use of reinsurance?		Yes [ ]	No [X ]						

B.	There are no deferred tax liabilities for w hich temporary differences have not been established.									
C.	Current tax and change in deferred tax:									
(1)	Current income taxes incurred consist of the follow ing major components:									
			2016	2015						
a	Current federal income tax expense		-	-						
b	Foreign taxes		-	-						
c	Subtotal		-	-						
d	Tax on capital gains/(losses)		-	-						
e	Utilization of capital loss carryforw ards		-	-						
f	SSAP3 Error Correction		(238,572)	-						
g	Other, including prior year underaccrual/(overaccrual)		-	-						
h	Federal and foreign income taxes incurred		(238,572)	-						

Notes to Financial Statements

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follow s:				
(2)	Deferred Tax Assets:	December 31, 2016	December 31, 2015	Change
	(a) Ordinary			
	(1) Discount on unpaid losses	53,208	53,572	(364)
	(2) Unearned premium reserves	-		-
	(3) Minimum tax credit	28,877	28,877	-
	(4) Accrued vacation	5,866	6,019	(153)
	(5) Fixed assets	-	-	-
	(6) Accrued premium tax	-	29,735	(29,735)
	(7) Other	634	2,278	(1,644)
	(8) Premium Deficiency Reserve	-	175,000	(175,000)
	(9) Net operating losses	6,966,827	1,586,647	5,380,180
	(10) Nonadmitted assets	237,719	51,738	185,981
	Subtotal	7,293,132	1,933,866	5,359,266
	(b) Statutory valuation allow ance adjustment	7,293,132	1,933,866	5,359,266
	(c) Nonadmitted	-	-	-
	(d) Admitted ordinary deferred tax assets	-	-	-
	(e) Capital			
	(1) Investments	-	-	-
	(2) Capital loss carry-forward	-	-	-
	(3) Tax effect of unrealized capital losses	-	-	-
	Gross Capital Deferred Tax Assets	-	-	-
	(f) Statutory valuation allow ance adjustment	-	-	-
	(g) Nonadmitted	-	-	-
	(h) Admitted capital deferred tax assets	-	-	-
	(i) Total admitted deferred tax assets	-	-	-
(3)	Deferred Tax Liabilities:			
	(a) Ordinary			
	(1) Fixed Assets	-	-	-
	(2) Other (required to disclose items > 5%)	-	-	-
	Ordinary Deferred Tax Liabilities	-	-	-
	(b) Capital			
	(1) Investments	-	-	-
	(2) Other (required to disclose items > 5%)	-	-	-
	(3) Tax effect of unrealized capital gains	-	-	-
	Capital Deferred Tax Liabilities	-	-	-
	(c) Total Deferred Tax Liabilities	-	-	-
	(4) Net deferred tax assets/liabilites	-	-	-
The change in net deferred income taxes is composed of the follow ing (this analysis is exclusive of nonadmitted DTAs as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement):				
		December 31, 2016	December 31, 2015	Change
	Total deferred tax assets	-	-	-
	Total deferred tax liabilities	-	-	-
	Net deferred tax assets/liabilities	-	-	-
	Tax effect of unrealized gains/(losses)			-
	Change in net deferred income tax [(expense)/benefit]			-



Notes to Financial Statements

D.	Reconciliation of Federal Income Tax Rate to Actual Effective Rate				
	The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to pre-tax income. The significant items causing this difference are as follows:				
		Amount	Tax Effect	Tax Rate	
	2016				
	Provision computed at statutory rate	(15,518,445)	(5,431,456)	35.0%	
	Change in statutory valuation allowance	20,783,890	5,359,265	-34.5%	
	Change in non-admitted assets	(531,376)	(185,982)	1.2%	
	Other, incl. Prior year adjustment		(225,928)	1.5%	
	Waived NOL	(306,844)	(107,395)	0.7%	
	ACA Fee	1,008,355	352,924	-2.3%	
	Total statutory income tax		(238,572)	1.5%	
	Federal income taxes incurred		-	0.0%	
	Tax on capital gains/(losses)		-	0.0%	
	SSAP3 Error Correction		(238,572)	1.5%	
	Prior year overaccrual/(underaccrual)		-	0.0%	
	Change in net deferred income tax [expense/(benefit)]		-	0.0%	
	Total statutory income tax		(238,572)	1.5%	
	2015		Tax Effect	Tax Rate	
	Provision computed at statutory rate		(1,826,370)	35.0%	
	Change in nonadmitted assets		(20,376)	0.4%	
	ACA Fee		34,007	-0.7%	
	Waived NOL		107,395	-2.1%	
	Other, incl. Prior year adjustment		257,119	-4.9%	
	Change in valuation allowance		1,448,225	-27.8%	
	Total		-	0.0%	
	Federal income taxes incurred		-	0.0%	
	Prior year overaccrual/(underaccrual)		-	0.0%	
	Change in net deferred income taxes		-	0.0%	
	Total statutory income taxes		-	0.0%	
E.	(1) Operating Loss and Tax Credit Carryforwards and Protective Tax Deposits				
		December 31, 2016	December 31, 2015		
	The Company had net operating losses of:	19,905,221	4,533,276		
	The Company had capital loss carryforwards of:	-	-		
	The Company had AMT credit carryforwards of:	28,877	28,877		
	Year Ending	2016	2015	Expires	
	12/31/2006	82,190	-	2025	
	12/31/2007	63,003	-	2026	
	12/31/2008	82,854	-	2027	
	12/31/2009	57,957	-	2028	
	12/31/2010	107,020	-	2029	
	12/31/2011	23,079	-	2030	
	12/31/2012	105,175	86,180	2031	
	12/31/2013	-	23,079	2032	
	12/31/2014	-	105,175	2033	
	6/30/2015	-	-	2034	
	12/31/2015	4,870,212	4,318,842	2034	
	12/31/2016	14,513,731	-	2035	
		19,905,221	4,533,276		

Notes to Financial Statements

		As a result of acquisition by Prominence Health on April 30, 2014, certain tax attributes may be limited under the provisions of IRC Section 382.							
(2)	The following represents income tax expense for tax years ending 12/2016, 12/2015, and 06/2015 that is available for recoupment in the event of future net losses:								
			Year	Ordinary	Capital	Total			
			Jun-15	-	-	-			
			Dec-15	-	-	-			
			Dec-16	-	-	-			
(3)	The aggregate amounts of deposits reported as admitted assets under Section 6603 of the Internal Revenue Service (IRS) Code was zero as of December 31, 2016								
F.	Consolidated Federal Income Tax Return								
(1)	The Company file a consolidated return with the following entities:								
		Prominence Health, Inc.	46-1222808						
		Prominence Health Plan Services, Inc.	46-1224037						
		Soundpath Health	42-1720801						
		QCA Health Plan, Inc	71-0794605						
		Clear River Health	46-4495960						
		Heartland Plains Health	46-4368223						
		Riverlink Health	46-4380824						
		Riverlink Health of Kentucky, Inc.	46-4828332						
		Stableview Health, Inc.	46-4373713						
		Harvest Plains Health of Iowa	47-3457150						
		Qualchoice Advantage, Inc.	47-3433912						
		Qualchoice Holdings, Inc.	27-4075520						
(2)	The method of allocation between the companies is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis, with the company receiving a current benefit for losses generated to the extent federal taxes are reduced for the consolidated tax group.								
G.	Federal or Foreign Federal Income Tax Loss Contingencies								
	The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date.								

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

A-N. Under the provisions of various provider contracts, the Company paid \$20,832,894 and \$11,632,614 to hospitals owned by or affiliated with stockholders during 2016 and 2015, respectively.

The Company was due \$1,122,171 and \$0 from an affiliate, QCA Health Plan as of December 31, 2016 and 2015, respectively.

The Company owed \$0 and \$11,843 to stockholders and affiliates as of December 31, 2016 and 2015, respectively, for general expenses paid on behalf of the Company.

The Company entered into an agreement with QualChoice in November 2001, whereby the Company assumed the groups QualChoice managed under a third party administrator agreement on January 1, 2002, on behalf of employers which sponsor health benefit plans for employees. The Company assumed the obligations to perform such duties under the existing contracts with QualChoice, and in exchange for receiving these groups. On July 1, 2014, the Company entered into a management services agreement with Prominence Health, Inc. This agreement was approved by the Arkansas Insurance Department.

The Company received a contribution in capital of \$25,000,000 in 2016. The amount was deposited at an account with Bank of New York Mellon and used to acquire US Treasury Notes.

On April 8, 2014 CollabHealth Plan Services, Inc. submitted a Form A Statement regarding the acquisition of control or merger with QualChoice Holding, Inc. QualChoice Holdings, Inc. is the parent company of QCA Health Plan, Inc. and QualChoice Life and Health Insurance Company, Inc. CollabHealth, a wholly owned subsidiary of Catholic Health Initiatives, closed on a series of stock-purchase agreements to acquire QualChoice Holdings, Inc. On May 1, 2014 the transaction was approved. At the time of acquisition, and at other times subsequent to acquisition, the owner has made capital contributions to the Company including \$25,000,000 in 2016. Treatment of the capital contribution is discussed in Note 1. In the 2nd quarter CollabHealth Health, Inc. was renamed Prominence Health, Inc. and CollabHealth Plan Services Plan Services, Inc. was renamed Prominence Health Plan Services, Inc. The new names are reflected in Schedule Y. Upon completion of the stock-purchase agreements QualChoice Life and Health Insurance Company, Inc. became part of a Holding Company. This is reflected on Schedule Y.

Notes to Financial Statements

11. Debt

A. The Company had the following surplus notes payable at December 31, 2016:

	<u>2016</u>	<u>2015</u>
Surplus note payable to Prominence Health Plan Services, Inc. With interest at 6% beginning in December 2014	\$5,000,000	\$5,000,000

B. As of December 31, 2016, the Company has no outstanding Federal Home Loan Bank Agreements.

12. Retirement Plan, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company has no defined benefit plan.

- A. N/A
- B. N/A
- C. N/A
- D. N/A
- E. Defined Contribution Plans

The Company had an employee 401(k) plan covering all full-time employees of the Company who have completed three months of employment and choose to participate. The Company contributed an amount equal to 3% of the employee’s salary before April 1. This plan was terminated, and on April 1, 2015. All investments were transferred from QCA Employees 401(k) Plan into the CHI 401(k) Plan on that date. Contributions by the Company to the plan during 2016 and 2015 totaled \$72,077 and \$14,456, respectively. Effective April 1 the new the Company began matching 100% of the first 1% of eligible employee pay contribution and 50% of the next 5% of the eligible pay contribution. The Company will make an annual contribution, whether or not the employee contributes to the 401k equal to 2.5% of eligible pay.

- F. Multiemployer Plans  
The Company does not participate in multiemployer plans.
- G. Consolidated/Holding Company Plans  
N/A
- A. Postemployment Benefits and Compensated Absences  
The Company does not offer a postretirement benefit plan.
- B. N/A

13. Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 10,000 shares of \$100 per share par value common stock authorized and 20,000 shares of \$1 per share par value common stock authorized, of which only 13,750 shares of \$1 par value common stock were outstanding as of December 31, 2016. The Company also has 1,500 shares of \$1,000 per share par value preferred stock authorized and none outstanding at December 31, 2016 and 2015.
- (2) In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Company the holders of the preferred stock shall be entitled to share ratably in any assets of the Company available for distribution to the Company’s stockholders. The amount will be equal to the greater of (a) \$1,000 per share of preferred stock, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization, plus all declared, approved, but unpaid dividends through such distribution payment date or (b) the amount per share such shareholder would receive if such shareholder converted such shares of preferred stock into common stock in accordance with the conversion factor set out in the “Statement of Preferences and Terms of Preferred Stock” immediately prior to such liquidation, dissolution, or winding up of the affairs of the Company. Any payments or distributions to the preferred stockholders shall be made before any such payments or distributions shall be made to common stockholders.
- (3) The Company has no dividend restrictions.
- (4) The Company does not intend to pay dividends on its common or preferred stock in the foreseeable future.

Notes to Financial Statements

- (5) N/A
- (6) The Company had no restrictions on its unassigned surplus.
- (7) The Company does not have any advances to surplus.
- (8) N/A
- (9) The Company has no special surplus funds.
- (10) N/A
- (11) The Company issued the following surplus notes:

Date Issued	Interest Rate	Par Value Face Amount of Notes	Carrying Value of Note	Interest and/or Principal Paid Current Year	Total Interest and/or Principal Paid	Unapproved Interest and/or Principal	Maturity Date
12/2/2014	6%	\$ 5,000,000	\$ 5,000,000	-	-	-	N/A

The surplus note, in the amount of \$5,000,000, in the above table, was issued to Prominence Health Plan Services in exchange for cash and . The note has no specific liquidation preference, subordination or repayment conditions, or restrictions aside from each interest payment needing the prior approval of the Insurance Commissioner and only to the extent the Company has sufficient surplus earnings to make such payment.

- (12) The Company was not involved in a quasi-reorganization.
- (13) N/A

14. Liabilities, Contingencies and Assessments

- A. None
- B. None
- C. None
- D. None
- E. None
- F. None

The Company is a defendant in general litigation as of December 31, 2016, in the ordinary course of business. The Company’s management believes, however, that any liability it may incur as a result of this litigation would not have a material or adverse effect on the financial statements and, accordingly, no contingencies have been recorded.

The Company is subject to various regulatory requirements, including maintenance of minimum capital and surplus. At December 31, 2016, the Company is in compliance with requirements established by the Arkansas Insurance Department. The Company is required to maintain restricted investments in the minimum maturity amount of \$1,601,000.

15. Leases

- A. (1) a. The Company has no lease agreements.  
(2) a. N/A
- B. N/A

16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

The Company does not have any off-balance sheet risk.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

- A. The Company did not have any transfers of Receivables reported as Sales.
- B. The Company did not have any transfers and servicing of Financial Assets.
- C. The Company did not have any Wash Sales.

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

- A. N/A
- B. N/A

## Notes to Financial Statements

### C. Medicare or Similarly Structured Cost Based Reimbursement Contract N/A

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Company does not currently have any direct premium written/produced by managing general agents/third party administrators.

### 20. Fair Value Measurements

#### A.

- (1) The Company does not have any financial assets that are measured and reported at fair value on the statutory basis statements or admitted assets, and capital and surplus at December 31, 2016. All investments are recorded at amortized cost.

(2) – (5) N/A

B. N/A

C. N/A

D. N/A

### 21. Other Items

- A. The Company had no unusual or infrequent items as of December 31, 2016.
- B. The Company had no troubled debt restructuring as of December 31, 2016.
- C. The Company has no other disclosures as of December 31, 2016.
- D. The Company has no business interruption insurance recoveries.
- E. The Company has no state transferable tax credits.
- F. The Company does not engage in sub-prime residential mortgage lending nor does it have any material direct investments in collateralized debt obligations or debt securities that are directly backed by residential mortgages. The Company's exposure to sub-prime lending is limited to its ownership of the general obligation debt and/or equity securities of both governmental and commercial entities whose business activities include residential mortgage lending.
- G. The Company does not have any retained asset accounts for beneficiaries.
- H. The Company has no insurance-linked securities.

### 22. Events Subsequent

Subsequent events have been considered through February 28, 2017, the date which the financial statements were filed. The Company is not subject to Section 9010 Insurer Fee for the reporting year due to a regulatory moratorium.

### 23. Reinsurance

The Company is covered under a medical reinsurance agreement effective January 1, 2016 through December 31, 2016, that provides annual coverage for eligible in-area and out of area hospital services of 90% in excess of \$550,000 per member for group and Individual coverage. The policy covers medical services and pharmaceuticals including inpatient and outpatient hospital, sub-acute facility services, skilled nursing facility and rehabilitation facility services, hospice services, home health agency services, outpatient facility services, and other professional services. Physician services are not covered. Certain covered services have per unit or annual coverage limits. Each insured member's coverage is limited to \$10,000,000 in the contract year.

The reinsurance agreement contains a provision through which the Company may receive an experience refund equal to 40% of net profit in a contract year. A net profit is defined as the amount by which the actual claims against the policy filed by the Company are less than 68% of total policy premiums for the contract year. The policy must be renewed in a subsequent contract year for the Company to receive a prior year's experience refund. At December 31, 2016 the Company recorded no receivable for experience refund related to the contract year that began January 1, 2016.

Notes to Financial Statements

The Company has no return commission, which would have been due if the Company had cancelled the reinsurance. The Company has no retroactive reinsurance agreements. The reinsurance does not have retroactive termination arrangement clause.

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) There are no reinsurers listed on Schedule S as non-affiliated, that are owned in excess of 10%, or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company.
- (2) The Company had no reinsurer chartered outside of the United States.

Section 2 – Ceded Reinsurance Report – Part A

- (1) The Company has no reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credits.
- (2) The Company has no reinsurance agreements in effect such that the amount of losses paid or accrued may result in a payment to the reinsurer of amounts that exceed the premium collected.

Section 3 – Ceded Reinsurance Reports – Part B

- (1) The estimated reduction in surplus if the reinsurance agreement was terminated would be \$0.
- (2) No new agreements have been executed during 2016.

B. The Company did not have any uncollectible reinsurance written off during the year.

C. There was no commutation of reinsurance during the year.

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation  
N/A

24. Retrospectively Rate Contracts & Contracts Subject to Redetermination

- A. The Company estimates accrued retrospective premium adjustments for its group health insurance business through a mathematical approach using an algorithm of the company’s underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to earned premium.
- C. No net premiums written by the company are subject to retrospective rating features.
- D. The Company had no medical loss ratio rebates required pursuant to the Public Health Service Act.

E. Risk Sharing Provisions of the Affordable Care Act (ACA)

- (1) The Company has accident and health insurance premiums in 2016 and 2015 subject to the risk-sharing provisions of the ACA. The ACA imposes fees and premium stabilization provisions on health insurance issuers offering comprehensive commercial health insurance.
- (2) The following table presents the current year impact of risk-sharing provisions of the ACA on assets, liabilities and operations.
  - a. Permanent ACA Risk Adjustment Program

Assets	Amount
1. Premium Adjustment Receivable due to ACA Risk Adj.	\$2,597,296

Notes to Financial Statements

Liabilities

2. Risk Adjustment User Fees Payable for ACA Risk Adj.	\$54,750
3. Premium Adjustments Payable due to ACA Risk Adj.	\$119,962

Operations (Revenue & Expense)

4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment	\$1,424,709
5. Reported in expenses as ACA Risk Adjustment user fees (incurred/paid)	\$54,750

b. Transitional ACA Reinsurance Program

Assets

1. Amounts recoverable for claims paid due to ACA Reinsurance	\$5,586,992
1. Amounts recoverable for claims unpaid due to ACA Reins.	\$0
2. Amounts receivable relating to uninsured plans for contributions for ACA Reinsurance	\$0

Liabilities

3. Liabilities for contributions payable due to ACA Reinsurance (not ceded premium)	\$0
4. Ceded reinsurance premiums payable due to ACA Reins.	\$0
5. Liability for amounts held under uninsured plans contributions for ACA Reinsurance	\$0

Operations (Revenue & Expense)

6. Ceded reinsurance premiums due to ACA Reinsurance	\$0
7. Reinsurance recoveries (income statement) due to ACA Reinsurance Payments	\$4,171,844
8. ACA Contributions-not reported as ceded premiums	\$0

c. Temporary ACA Risk Corridors Program

Assets

1. Accrued retrospective premium due to ACA Risk Corridors	\$0
--	-----

Liabilities

2. Reserve for rate credits/policy experience rating refunds	\$0
--	-----

Operations (Revenue & Expense)

3. Effect of ACA Risk Corridors on net premium income (paid/received)	\$0
1. Effect of ACA Risk Corridors on change in reserves for rate credits	\$0

Notes to Financial Statements

(3) The following table is a rollforward of the prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balances.

Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
				Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1–3+7)	Cumulative Balance from Prior Years (Col 2–4+8)
1	2	3	4	5	6	7	8		9	10
Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. Permanent ACA Risk Adjustment Program										
1. Premium adjustments receivable	\$ .....	\$3,524,500	\$ .....	\$3,524,500	\$ .....	\$ .....	\$ .....	\$ .....	A	\$ .....
2. Premium adjustments (payable)	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	B	\$ .....
3. Subtotal ACA Permanent Risk Adjustment Program	\$ .....	\$3,524,500	\$ .....	\$3,524,500	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....
b. Transitional ACA Reinsurance Program										
1. Amounts recoverable for claims paid	\$5,935,544	\$ .....	\$5,388,750	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	C	\$546,794
2. Amounts recoverable for claims unpaid (contra liability)	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	D	\$ .....
3. Amounts receivable relating to uninsured plans	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	E	\$ .....
4. Liabilities for contributions payable due to ACA Reinsurance – not reported as ceded premium	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	F	\$ .....
5. Ceded reinsurance premiums payable	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	G	\$ .....
6. Liability for amounts held under uninsured plans	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	H	\$ .....
7. Subtotal ACA Transitional Reinsurance Program	\$5,935,544	\$ .....	\$5,388,750	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$546,794
c. Temporary ACA Risk Corridors Program										
1. Accrued retrospective premium	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	I	\$ .....
2. Reserve for rate credits or policy experience rating refunds	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	J	\$ .....
3. Subtotal ACA Risk Corridors Program	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....
d. Total for ACA Risk-Sharing Provisions										
	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....

(4) Roll Forward of ACA Risk Corridor Asset and Liability Balances by Program Benefit Year

Accrued During the Prior Year on Business Written Before December 31 of the Prior Year		Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year		Differences		Adjustments			Unsettled Balances as of the Reporting Date	
				Prior Year Accrued Less Payments (Col 1 - 3)	Prior Year Accrued Less Payments (Col 2 - 4)	To Prior Year Balances	To Prior Year Balances		Cumulative Balance from Prior Years (Col 1–3+7)	Cumulative Balance from Prior Years (Col 2–4+8)
1	2	3	4	5	6	7	8		9	10
Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Receivable	(Payable)	Ref	Receivable	(Payable)
a. 2014										
1. Accrued Retrospective Premium	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	A	\$ .....
2. Reserve for rate credits policy experience rating refunds	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	B	\$ .....
b. 2015										



Notes to Financial Statements

1. Accrued Retrospective Premium	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	C	\$ .....	\$ .....
2. Reserve for rate credits policy experience rating refunds	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	D	\$ .....	\$ .....
c. 2016											
1. Accrued Retrospective Premium	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	I	\$ .....	\$ .....
2. Reserve for rate credits or policy experience rating refunds	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	J	\$ .....	\$ .....
d. Total for Risk Corridor	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....	\$ .....		\$ .....	\$ .....

(5) ACA Risk Corridor Receivable as of Reporting Date

Risk Corridors Program Year	1 Estimated amount to be filed or final amounts filed with CMS	2 Non-Accrued Amounts for Impairment or Other Reasons	3 Amounts received from CMS	4 Asset balance (gross of nonadmission)  (1-2-3)	5 Nonadmitted amounts	6 Net admitted assets
a. 2014	\$0	\$0	\$0	\$0	\$0	\$0
b. 2015	\$4,524,488	\$4,524,488	\$0	\$0	\$0	\$0
c. 2016	\$16,825,190	\$16,825,190	\$0	\$0	\$0	\$0
d. Total	\$21,349,678	\$21,349,678	\$0	\$0	\$0	\$0

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves as of December 31, 2016 were \$19,316,058. As of December 31, 2016, \$16,810,869 has been paid for incurred claims and claim adjustment expenses attributable to insured events incurred prior to January 1, 2016. Reserves remaining for prior years are now \$2,116 as a result of re-estimation of unpaid claims and claim adjustment expenses. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

The Company has no intercompany pooling arrangement.  
A. – G. N/A

27. Structured Settlements

This note is not applicable to health entities.

28. Health Care Receivables.

A. Pharmaceutical Rebate Receivables

The Company experienced the following activity associated with the pharmaceutical rebate receivables by quarter for the previous three years from December 31, 2016:

For 2016  
Pharmaceutical Rebate Receivables

	Estimated Pharmacy	Pharmacy	Actual Rebates	Actual Rebates	Actual Rebates Received More
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Notes to Financial Statements

Quarter	Rebates as Reported on Financial Statements	Rebates as Billed or Otherwise Confirmed	Received Within 90 Days of Confirmed	Received Within 91 to 180 Days of Billing	Than 180 Days After Billing
12/31/2016	948,434				
9/30/2016	657,193	479,345	479,345		
6/30/2016	169,327	297,915	217,783	80,132	
3/31/2016	231,423	230,949	13,166	217,783	
12/31/2015	286,279				
9/30/2015	113,825	149,590	149,590		
6/30/2015	229,086	262,459	262,459		
3/31/2015	264,506	262,459	0	262,459	
12/31/2014	449,789	523,416	312,822	210,594	
9/30/2014	309,255	312,822	0	312,822	
6/30/2014	273,870	319,709	169,634	0	150,075
3/31/2014	305,949	367,374	197,741	169,634	

B. Risk-Sharing Receivables – N/A

29. Participating Policies

The Company has no participating contracts.  
N/A

30. Premium Deficiency Reserves

At December 31, 2016, the Company had no premium deficiency reserve.

31. Anticipated Salvage and Subrogation

Due to the type of business being written, the Company has no salvage. As of December 31, 2016 and 2015, the Company has no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

Notes to Financial Statements

GENERAL INTERROGATORIES  
PART 1 - COMMON INTERROGATORIES  
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?  
If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Arkansas
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2014
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

04/16/2016
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/16/2016
- 3.4 By what department or departments?
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments?

Yes[ ] No[ ] N/A[X]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes[ ] No[ ] N/A[X]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

0.000%
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1 Nationality	2 Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
		.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..	.. Yes[ ] No[X] ..

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young LLP 370 17th Street, Suite 3300 Denver, Colorado 80202
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.2 If response to 10.1 is yes, provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation?

Yes[ ] No[X]
- 10.4 If response to 10.3 is yes, provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws?

Yes[X] No[ ] N/A[ ]
- 10.6 If the response to 10.5 is no or n/a please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Mark Peterson QualChoice Health Plan Services 10050 Crosstown Circle, Suite 250 Eden Prairie, MN 55344
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]



GENERAL INTERROGATORIES (Continued)

- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:  
24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.  
24.102 Total book/adjusted carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2.  
24.103 Total payable for securities lending reported on the liability page.
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).
- 25.2 If yes, state the amount thereof at December 31 of the current year:  
25.21 Subject to repurchase agreements  
25.22 Subject to reverse repurchase agreements  
25.23 Subject to dollar repurchase agreements  
25.24 Subject to reverse dollar repurchase agreements  
25.25 Placed under option agreements  
25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock  
25.27 FHLB Capital Stock  
25.28 On deposit with states  
25.29 On deposit with other regulatory bodies  
25.30 Pledged as collateral - excluding collateral pledged to an FHLB  
25.31 Pledged as collateral to FHLB - including assets backing funding agreements  
25.32 Other
- 25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?  
26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?  
If no, attach a description with this statement.
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?  
27.2 If yes, state the amount thereof at December 31 of the current year.

1 Name of Custodian(s)	2 Custodian's Address
Arvest Asset Management .....	200 Commerce Dr. Ste. 100, Little Rock, AR .....
BNY Mellon .....	200 Park Avenue, New York, NY .....

- 28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:
- 28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?  
28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]
- 28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") manage more than 10% of the reporting entity's assets?  
28.0598 For firms/individuals unaffiliated with the reporting entity (i.e. designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?  
28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

GENERAL INTERROGATORIES (Continued)

1 Central Registration Depository Number	2  Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4  Registered With	5 Investment Management Agreement (IMA) Filed
.....	.....	.....	.....	.....

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

29.2 If yes, complete the following schedule:

Yes[ ] No[X]

1  CUSIP #	2  Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 Total .....	.....	.....

29.3 For each mutual fund listed in the table above, complete the following schedule:

1  Name of Mutual Fund (from above table)	2  Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4  Date of Valuation
.....	.....	.....	.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1  Statement (Admitted) Value	2  Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds .....	..... 18,994,719	..... 18,963,884	..... (30,835)
30.2 Preferred stocks .....	.....	.....	.....
30.3 Totals .....	..... 18,994,719	..... 18,963,884	..... (30,835)

30.4 Describe the sources or methods utilized in determining the fair values:

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D?

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source?

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

Yes[X] No[ ]

Yes[ ] No[X] N/A[ ]

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

32.2 If no, list exceptions:

Yes[X] No[ ]

OTHER

33.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$..... 0

1 Name	2 Amount Paid
.....	.....

34.1 Amount of payments for legal expenses, if any?

34.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$..... 0

1 Name	2 Amount Paid
.....	.....

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

35.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

\$..... 0

GENERAL INTERROGATORIES (Continued)

1	2
Name	Amount Paid
.....	.....



GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

1.2 If yes, indicate premium earned on U.S. business only:

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31 Reason for excluding:

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

1.6 Individual policies - Most current three years:

1.61 TOTAL Premium earned

1.62 TOTAL Incurred claims

1.63 Number of covered lives

All years prior to most current three years:

1.64 TOTAL Premium earned

1.65 TOTAL Incurred claims

1.66 Number of covered lives

1.7 Group policies - Most current three years:

1.71 TOTAL Premium earned

1.72 TOTAL Incurred claims

1.73 Number of covered lives

All years prior to most current three years:

1.74 TOTAL Premium earned

1.75 TOTAL Incurred claims

1.76 Number of covered lives

Yes[X] No[ ]

\$ ..... 3,994,018

\$ ..... 0

\$ ..... 0

\$ ..... 3,613,185

\$ ..... 3,994,018

\$ ..... 3,613,185

..... 28,681

\$ ..... 0

\$ ..... 0

..... 0

\$ ..... 0

\$ ..... 0

..... 0

\$ ..... 0

\$ ..... 0

..... 0

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	..... 129,082,457	..... 61,859,665
2.2	Premium Denominator .....	..... 129,205,518	..... 61,859,665
2.3	Premium Ratio (2.1 / 2.2) .....	..... 0.999	..... 1.000
2.4	Reserve Numerator .....	..... 19,316,058	..... 18,677,333
2.5	Reserve Denominator .....	..... 19,436,019	..... 18,677,333
2.6	Reserve Ratio (2.4 / 2.5) .....	..... 0.994	..... 1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

3.2 If yes, give particulars:

Yes[ ] No[X]

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[X] No[ ]

Yes[ ] No[ ] N/A[X]

5.1 Does the reporting entity have stop-loss reinsurance?

5.2 If no, explain:

5.3 Maximum retained risk (see instructions):

5.31 Comprehensive Medical

5.32 Medical Only

5.33 Medicare Supplement

5.34 Dental & Vision

5.35 Other Limited Benefit Plan

5.36 Other

Yes[X] No[ ]

\$ ..... 1,495,000

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

7.2 If no, give details:

Yes[X] No[ ]

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

8.2 Number of providers at end of reporting year

..... 16,399

..... 18,028

9.1 Does the reporting entity have business subject to premium rate guarantees?

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

Yes[ ] No[X]

..... 0

..... 0

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

10.2 If yes:

10.21 Maximum amount payable bonuses

10.22 Amount actually paid for year bonuses

10.23 Maximum amount payable withholds

10.24 Amount actually paid for year withholds

Yes[ ] No[X]

\$ ..... 0

\$ ..... 0

\$ ..... 0

\$ ..... 0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above)?

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Arkansas

11.4 If yes, show the amount required.

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

11.6 If the amount is calculated, show the calculation.

Net worth requirement is based on RBC calculation included in report

Yes[ ] No[X]

Yes[ ] No[X]

Yes[ ] No[X]

Yes[X] No[ ]

\$ ..... 5,707,127

Yes[ ] No[X]

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
entire state of Arkansas, 75 counties .....
entire state of Nebraska .....

13.1 Do you act as a custodian for health savings accounts?

13.2 If yes, please provide the amount of custodial funds held as of the reporting date:

13.3 Do you act as an administrator for health savings accounts?

13.4 If yes, please provide the balance of the funds administered as of the reporting date:

Yes[ ] No[X]

\$ ..... 0

Yes[ ] No[X]

\$ ..... 0

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, as authorized reinsurers?

Yes[ ] No[ ] N/A[X]

GENERAL INTERROGATORIES (Continued)

14.2 If the answer to 14.1 is yes, please provide the following:

1  Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
.....	.....	.....	.....	.....	.....	.....

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded)

15.1 Direct Premium Written

15.2 Total incurred claims

15.2 Number of covered lives

\$ ..... 0

\$ ..... 0

..... 0

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

FIVE-YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
<b>BALANCE SHEET (Pages 2 and 3)</b>					
1. TOTAL Admitted Assets (Page 2, Line 28) .....	51,130,374	44,731,101	7,484,480	2,406,132	2,485,786
2. TOTAL Liabilities (Page 3, Line 24) .....	21,212,736	23,383,351	1,202,086	702,239	775,153
3. Statutory minimum capital and surplus requirement .....	5,707,127	2,871,348	769,894	754,248	635,892
4. TOTAL Capital and Surplus (Page 3, Line 33) .....	29,917,638	21,347,750	6,282,394	1,703,893	1,710,633
<b>INCOME STATEMENT (Page 4)</b>					
5. TOTAL Revenues (Line 8) .....	129,228,724	61,879,954	6,067,435	6,123,222	5,939,017
6. TOTAL Medical and Hospital Expenses (Line 18) .....	127,720,675	57,060,489	5,726,864	5,100,797	5,531,722
7. Claims adjustment expenses (Line 20) .....	1,266,114	1,485,602	269,980	206,113	55,710
8. TOTAL Administrative Expenses (Line 21) .....	16,580,029	8,029,818	986,373	882,813	432,153
9. Net underwriting gain (loss) (Line 24) .....	(15,838,094)	(5,195,955)	(915,782)	(16,440)	(130,629)
10. Net investment gain (loss) (Line 27) .....	319,498	62,412	4,568	3,464	2,153
11. TOTAL Other Income (Lines 28 plus 29) .....					
12. Net income or (loss) (Line 32) .....	(15,518,596)	(5,133,543)	(911,214)	(12,976)	(128,476)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11) .....	(17,772,661)	6,694,215	(610,581)	812	(261,369)
<b>RISK-BASED CAPITAL ANALYSIS</b>					
14. TOTAL Adjusted Capital .....	29,917,638	21,347,750	6,282,394	1,703,892	1,710,633
15. Authorized control level risk-based capital .....	5,707,127	2,871,348	769,894	754,248	635,892
<b>ENROLLMENT (Exhibit 1)</b>					
16. TOTAL Members at End of Period (Column 5, Line 7) .....	37,661	23,168	2,333	2,037	1,990
17. TOTAL Members Months (Column 6, Line 7) .....	385,028	192,264	25,884	22,838	22,353
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
19. TOTAL Hospital and Medical plus other non-health (Lines 18 plus Line 19) .....	98.9	92.2	94.6	83.5	93.4
20. Cost containment expenses .....	0.8	1.6	3.1	2.4	0.2
21. Other claims adjustment expenses .....	0.2	0.8	1.4	1.0	0.8
22. TOTAL Underwriting Deductions (Line 23) .....	112.3	108.4	115.4	100.5	102.5
23. TOTAL Underwriting Gain (Loss) (Line 24) .....	(12.3)	(8.4)	(15.1)	(0.3)	(2.2)
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
24. TOTAL Claims Incurred for Prior Years (Line 13, Column 5) .....	16,812,985	369,945	491,092	107,368	303,962
25. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	17,888,690	951,215	559,299	511,199	695,737
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Column 1) .....					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Column 1) .....					
28. Affiliated common stocks (Sch. D Summary, Line 24, Column 1) .....					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10) .....					
30. Affiliated mortgage loans on real estate .....					
31. All other affiliated .....					
32. TOTAL of Above Lines 26 to 31 .....					
33. TOTAL Investment in Parent Included in Lines 26 to 31 above .....					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes[ ] No[ ] N/A[X]

If no, please explain::

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS  
ALLOCATED BY STATES AND TERRITORIES

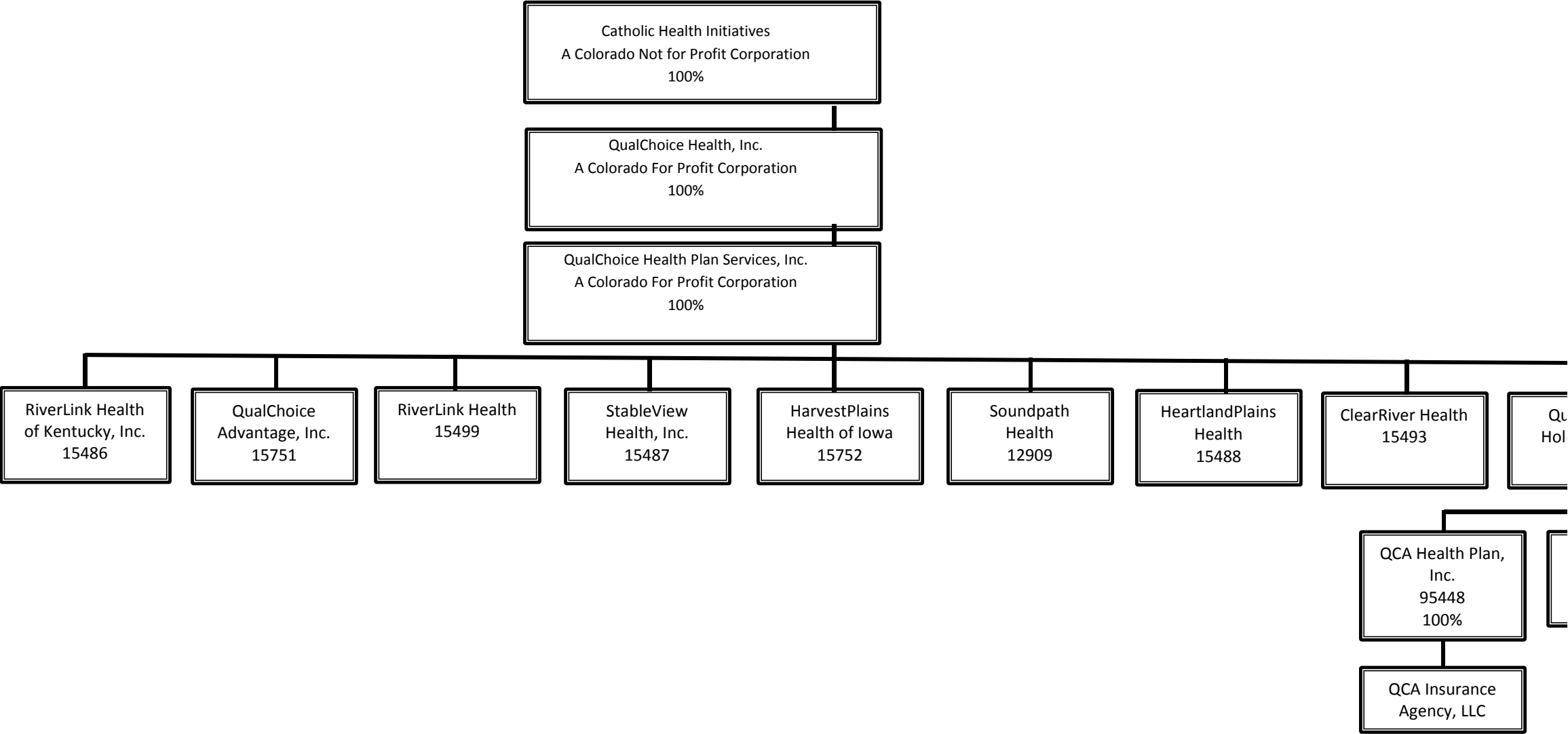
		1	Direct Business Only							
			2	3	4	5	6	7	8	9
State, Etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit - Type Contracts
1.	Alabama (AL)	N								
2.	Alaska (AK)	N								
3.	Arizona (AZ)	N								
4.	Arkansas (AR)	L	130,665,145				724,805		131,389,950	
5.	California (CA)	N								
6.	Colorado (CO)	N								
7.	Connecticut (CT)	N								
8.	Delaware (DE)	N								
9.	District of Columbia (DC)	N								
10.	Florida (FL)	N								
11.	Georgia (GA)	N								
12.	Hawaii (HI)	N								
13.	Idaho (ID)	N								
14.	Illinois (IL)	N								
15.	Indiana (IN)	N								
16.	Iowa (IA)	N								
17.	Kansas (KS)	N								
18.	Kentucky (KY)	N								
19.	Louisiana (LA)	N								
20.	Maine (ME)	N								
21.	Maryland (MD)	N								
22.	Massachusetts (MA)	N								
23.	Michigan (MI)	N								
24.	Minnesota (MN)	N								
25.	Mississippi (MS)	N								
26.	Missouri (MO)	N								
27.	Montana (MT)	N								
28.	Nebraska (NE)	L								
29.	Nevada (NV)	N								
30.	New Hampshire (NH)	N								
31.	New Jersey (NJ)	N								
32.	New Mexico (NM)	N								
33.	New York (NY)	N								
34.	North Carolina (NC)	N								
35.	North Dakota (ND)	N								
36.	Ohio (OH)	N								
37.	Oklahoma (OK)	N								
38.	Oregon (OR)	N								
39.	Pennsylvania (PA)	N								
40.	Rhode Island (RI)	N								
41.	South Carolina (SC)	N								
42.	South Dakota (SD)	N								
43.	Tennessee (TN)	N								
44.	Texas (TX)	N								
45.	Utah (UT)	N								
46.	Vermont (VT)	N								
47.	Virginia (VA)	N								
48.	Washington (WA)	N								
49.	West Virginia (WV)	N								
50.	Wisconsin (WI)	N								
51.	Wyoming (WY)	N								
52.	American Samoa (AS)	N								
53.	Guam (GU)	N								
54.	Puerto Rico (PR)	N								
55.	U.S. Virgin Islands (VI)	N								
56.	Northern Mariana Islands (MP)	N								
57.	Canada (CAN)	N								
58.	Aggregate other alien (OT)	X X X								
59.	Subtotal	X X X	130,665,145				724,805		131,389,950	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	TOTAL (Direct Business)	(a). 2	130,665,145				724,805		131,389,950	

DETAILS OF WRITE-INS										
58001.	X X X									
58002.	X X X									
58003.	X X X									
58998.Summary of remaining write-ins for Line 58 from overflow page	X X X									
58999.TOTALS (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X									

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

(a) Insert the number of L responses except for Canada and Other Alien.  
Explanation of basis of allocation by state, premiums by state, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



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